



merSETA

MANUFACTURING, ENGINEERING
AND RELATED SERVICES SETA

TERMS OF REFERENCE
For
RURAL EMPOWERMENT and VOCATIONAL
ADVANCEMENT (REVAMP) APPLIED Research project

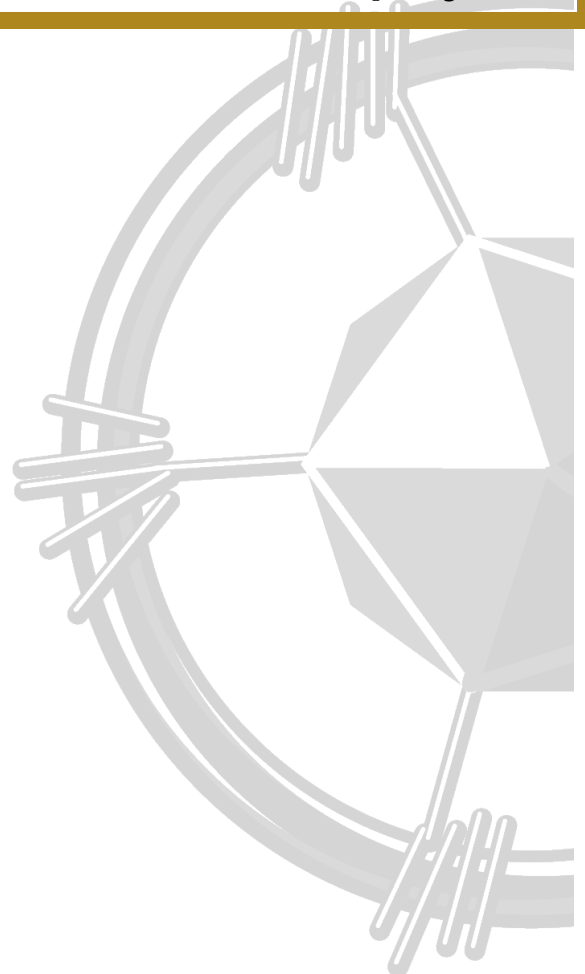


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1. BACKGROUND

The Manufacturing, Engineering and Related Services Education and Training Authority (merSETA) established in terms of the Skills Development Act (Act No. 97 of 1998). It is one of 21 Sector Education and Training Authorities (SETAs) responsible for facilitating skills development within the metals and engineering, automotive manufacturing, motor retail, automotive components manufacturing, new tyre manufacturing and plastics manufacturing sectors. South Africa's Technical and Vocational Education and Training (TVET) colleges continue to face a range of structural and systemic challenges that hinder their ability to deliver quality occupational qualifications. These challenges include inadequate infrastructure, underqualified or insufficiently supported lecturers, limited industry partnerships and weak integration with surrounding Small, Medium and Micro Enterprises (SMMEs).

These constraints often result in poor learner outcomes, limited workplace readiness, and inadequate skills development. In response, particularly to the challenges experienced by rural TVET colleges, the merSETA initiated a strategic high-impact applied research project in partnership with selected TVET colleges. The project aims to test and refine an integrated model based on four key pillars that contribute to a responsive, inclusive and sustainable skills development ecosystem. The project is aligned with the objectives of the National Skills Development Plan (NSDP) 2030, which aims to ensure that South Africa develops appropriate, high-quality skills that contribute to economic growth, employment creation and social development. Through this initiative, the merSETA seeks to strengthen the responsiveness of the skills development system, support institutional capacity building within education and training institutions, improve understanding of skills demand, and enhance the alignment between skills supply and labour market needs.

2. RESEARCH RATIONAL AND PROBLEM STATEMENT

The merSETA has a strategic mandate to transform the skills development ecosystem in South Africa. Rural TVET colleges and SMMEs remain among the most underserved stakeholders within this ecosystem. Although national policy frameworks such as the NSDP, Medium-Term Development Plan (MTDP), Strategic Integrated High Impact Projects (SIHIP), and related policy instruments promote inclusivity and equitable skills development, many rural TVET colleges continue to experience challenges relating to infrastructure, industry integration, lecturers capacity and learner success. These limitations have contributed to poor throughput rates, inadequate workplace-based learning opportunities and weak alignment between training programmes and industry requirements. Furthermore, many lecturers have limited access to current industry practices, pedagogical support and continuous professional development opportunities. This constraints the ability of TVET colleges to deliver occupational qualifications at the required standard and to produce graduates who are

equipped for the world of work. There is therefore a pressing need to explore practical, evidence-based interventions that can strengthen the capacity of rural TVET colleges and SMMEs, recognizing their critical role in promoting local economic development, employment creation and social transformation.

The Research and Innovation Unit seeks to test an evidence-based model aimed at strengthening TVET colleges and SMMEs through an iterative learning approach centred on four strategic pillars: The Research and Innovation unit seeks to test an evidence-based model aimed at strengthening TVET colleges and SMMEs through an iterative learning approach centred on four strategic pillars: - infrastructure development, lecturer development and capacitation, SMME participation and capacitation and learner development and support. The applied research project will generate evidence and insights to inform policy development, strategic planning and future interventions aimed at improving skills development outcomes in rural communities.

3. PROJECT OBJECTIVES AND STRATEGIC OUTCOMES

The primary objective of the project is to develop, implement and assess a systematic model that addresses the interconnected challenges facing rural TVET colleges and SMMEs. The project adopts an integrated, high-impact approach designed to transform rural TVET colleges into responsive hubs for skills development, innovation, entrepreneurship and employment creation. Implementation of this project will address the following strategic objectives and key performance areas, aligned to the merSETA Strategic Outcomes and Annual Performance Plan 2025–2026 and the merSETA Research and Innovation policy. The implementation of the project will contribute towards the achievement of strategic objectives and key performance areas outlined in the merSETA Strategic Plan, Annual Performance Plan (APP) 2025-26 and the merSETA Research and Innovation Policy.

merSETA Strategic Outcome	merSETA Outputs	Output Indicators
Outcome 2: Expansion of core stakeholder coverage and partnership in support of a transformed sector under the merSETA scope of coverage.	Strategic Output 2: The core stakeholder group has been expanded and includes greater representation of a marginalised groups who have received training effectively participate in the sector.	2.4 Number of sector research agreements signed for TVET growth in occupationally directed programmes
Outcome 4: Skill for productive enterprises within the social		

<p>economy and driving township and rural economic development.</p> <p>Outcome 3:PSET education, training and skills development in public institutions responsive to the changing occupations and skills demand required for the merSETA sector's engineering and manufacturing industries and related labour market.</p> <p>Outcome 4: Skills for transformed SA merSETA sector's engineering and manufacturing industries to support EE demographics, transformation, changing business model of production and technology, and the transformation of diversification of ownership control and management.</p> <p>Outcome 5: A skilled, agile and flexible current and future occupations and employment opportunities within the merSETA sector's engineering, manufacturing, and related labour market.</p> <p>Outcome 2 (Programme 3): Skills for productive enterprises within the social economy to support the integration into the</p>	<p>Strategic Output 4: Social enterprises within township and rural economies contribute to vibrant and inclusive local economy.</p> <p>Strategic Output 3: Facilitation of skills development interventions to enable increased access to employment opportunities and support to economic growth opportunities.</p> <p>Strategic Output 6: Support to the growth and quality improvement of Technical and Vocational Education and Training (TVET)</p>	<p>4. 2 Number of TVET colleges funded for merSETA occupational programmes, equipment, and workshop infrastructure.</p> <p>4.2 Number of TVET college lecturers exposed to the industry.</p> <p>3.5 Number of unemployed learners completing WIL programmes from TVET.</p> <p>3.6 Number of unemployed learners registered for WIL programmes from HEIs.</p> <p>3.7 Number of unemployed learners completing WIL programmes from HEIs.</p> <p>3.12 Number of unemployed learners registered on learnership programmes.</p> <p>3.13 Number of unemployed learners completing learnership programmes.</p>
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merSETA sector's engineering and SECTOR value chains.		<p>3.32 Number of active TVET college partnerships established.</p> <p>3.33 Number of active SETA-HEI partnerships established</p> <p>3.38 Number of rural development projects supported through skills development</p>
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4. ALIGNMENT TO THE NSDP 2030, MTDP OUTCOMES

The project aligns with the objectives of the National Skills Development Plan (NSDP) 2030 and the Medium-Term Development Plan (MTDP) by contributing to the following strategic priorities and outcomes:

1. Promote Inclusive Economic Growth and Job Creation
 - 1.1 MTDP Strategic Priority 1: Foster employment growth and strengthen ties between training institutions and industry.
2. Strengthen the Public College System
 - 2.1 NSDP Outcome 5: Support the development and capacitation of public TVET colleges to offer occupational programmes
3. Expand Access to Occupationally Directed Programmes
 - 3.1 NSDP Outcomes 2 and 4: Improve collaboration between education and work sectors and increase programme participation.
4. Support SMMEs and Entrepreneurs
 - 4.1 NSDP Outcome 6: Provide entrepreneurial and cooperative development support.
5. Contribute to Rural Development
 - 5.1 SIHIP Priority: Rural Development for Community Impact - specifically support for learners and TVETs in rural areas.
6. Undertake Research and Innovation
7. Generate data-driven evidence to inform skills planning, infrastructure investments and programme expansion.

5. PROJECT WORKSTREAMS AND WHO MAY APPLY

5.1 Workstream 1: TVET Infrastructure improvement

The objective of the workstream is to assess and address infrastructure gaps that impact the delivery of occupational qualifications within TVET college. Through workstream focus on the upgrading and enhancement of workshops, laboratories, Information, Communications and Technology (ICT), and classrooms that support mer-sector occupational programmes such as Welder, Boilermaker, Electrician, Motor Mechanics, Mechatronics and other priority trades.

The intervention seeks to improve the quality of teaching and learning environments, strengthen practical training capacity, and ensure that training facilities are aligned with current industry standards and technological advancements.

Associated Research Questions:

- *What infrastructure gaps currently exist within rural TVET colleges that hinder the effective delivery of mer-sector related occupational qualifications?*
- *To what extent do existing workshops, laboratories, ICT facilities and classrooms meet industry and occupational qualification requirements?*
- *How does infrastructure availability influence learner enrolment, retention, and throughput?*
- *What is the role of Manufacturing Business Incubators in supporting student-led innovation in rural TVETs?*

The target applicants for this strategic workstream must be TVET colleges that meet the following eligibility requirements:

- Target applicants: Rural TVET colleges/TVET colleges with rural campuses
- Beneficiaries: TVET colleges

5.2 Workstream 2: TVET college Lecturer Development

The objective of this workstream is to identify and assess lecturer qualification, competencies, industry-relevant skills, and existing support systems in order to strengthen continuous professional development for lecturers within the merSETA priority sectors. The workstream seeks to enhance lecturer capacity through targeted skills development, industry exposure, pedagogical support, and professional learning opportunities that improve the quality and relevance of occupational education and training.

Associated Research Questions:

- *To what extent do rural TVET lecturers have access to industry-based learning opportunities?*
- *How do industry placements and updated pedagogy improve lecturer confidence and teaching quality?*
- *What impact does lecturer development have on learner outcomes and curriculum alignment with industry demands?*

The target applicants must be TVET colleges who meet the below requirements for this strategic workstream:

- Target applicants: Rural TVET colleges/TVET colleges with rural campuses
- Beneficiaries: TVET college lecturers

5.3 Workstream 3: SMME Participation and Capacitation

The objective of the workstream is to enable participating TVET colleges to identify, engage and establish partnerships with rural-based Small, Medium and Micro Enterprises (SMMEs) to facilitate work-based learning opportunities for learners enrolled in merSETA-related occupational programmes. The workstream further seeks to strengthen the capacity of SMMEs to participate effectively in skills development initiatives, workplace-based learning, mentorship and local economic development.

The intervention aims to improve collaboration between TVET colleges and local industry, enhance learner workplace exposure, and promote the participation of rural SMMEs in the skills development ecosystem.

Associated Research Questions:

- *What are the main barriers preventing rural SMMEs from participating in workplace-based learning initiatives?*
- *How can TVET-SMME partnerships enhance learner placement and local economic development?*
- *What forms of support (mentorship, compliance, incentives) are most effective in making rural SMMEs viable learner host sites?*
- *How do SMME partnerships contribute to entrepreneurship and job creation in the mer-sector?*
- Target applicants: Rural TVET colleges/TVET colleges with rural campuses (must have MoUs with targeted mer-sector SMMEs)

- Beneficiaries: TVET colleges and mer-sector SMMEs

5.4 Workstream 4: Learner development and support

The objective of this workstream is to facilitate learner access to occupational qualifications through learner registration, career guidance, mentorship and workplace-based learning opportunities. The workstream seeks to strengthen learner development by providing structured support interventions that enhance academic success, skills acquisition, employability and successful transition into the labour market.

The intervention aims to improve learner retention, completion rates, workplace readiness, and access to meaningful employment opportunities through exposure to real work environments within the merSETA priority sectors.

- Associated Research Questions: *What are the key challenges facing rural learners in accessing WIL and entrepreneurship opportunities?*
- *How do mobile apprenticeship units and public sector collaborations improve WIL access?*
- *What role do incubation and entrepreneurial support services play in supporting rural youth self-employment?*
- *How do these interventions affect learner completion rates and transition into the labour market?*

The target applicants must be TVET colleges who meet the below requirements for this strategic workstream:

- Target applicants: Rural TVET colleges/TVET colleges with rural campuses
- Beneficiaries: Rural based TVET learners

6. KEY PROJECT PROPOSAL DELIVERABLES

- 6.1. TVET college infrastructure audit report, including a detailed inventory of infrastructure, utilization analysis and maintenance plan for the rural campus.
- 6.2. TVET college lecturer development needs analysis report and lecturer professional development plan.
- 6.3. Signed Memoranda of Understanding (MoUs) between the TVET college and participating SMMEs to support workplace-based learning and skills development initiatives.
- 6.4. TVET College learner skills audit report and learner development plan.
- 6.5. Learner recruitment, induction, registration and training implementation plans.

- 6.6. TVET college project progress and quarterly reports detailing implementation progress, achievements, challenges and recommendations.
- 6.7. SMME capacity development and infrastructure plan/report.
- 6.8. SMME workplace approval/extension of scope report to facilitate learner workplace-based learning opportunities.
- 6.9. Research findings report documenting project outcomes, lessons learnt, impact assessment and recommendations for future programme implementation and policy development.
- 6.10. Project close-out report outlining achievements against objectives, strategic outcomes, sustainability measures and scalability recommendations.

7. PROJECT DURATION

The project will be implemented over a period of three (3) years, commencing from the last date of signature of the Memorandum of Agreement (MoA) between the merSETA and the successful applicant.

The implementation period will include project initiation, baseline assessments, intervention implementation, monitoring and evaluation, research activities, reporting, and project close-out. All project activities, deliverables and reporting requirements must be completed within the approved contract period unless otherwise agreed to in writing by the parties.

8. PROJECT BUDGET BREAKDOWN

The maximum funding allocation per approved project will be structured across the following workstreams:

- 8.1. TVET Infrastructure improvement – Up to R3 500 000,00
- 8.2. TVET college Lecturer Development – Up to R1 400 000,00
- 8.3. SMME Participation and Capacitation – Up to R2 100 000,00
- 8.4. Learner Development and Support – Funding for learner development and support will be provided in accordance with the merSETA Grant Policy and applicable funding guidelines.

9. RISK MANAGEMENT APPROACH

Applicants must demonstrate appropriate risk management measures to ensure successful project implementation. This includes identifying, assessing and mitigating risks that may affect project delivery and outcomes.

The project budget should make provision, where applicable, for learner support requirements such as tools of trade, accommodation, disability support and rural allowances.

10. Applicants must submit a risk management plan outlining key risks, mitigation measures and monitoring mechanisms for the duration of the project. PROJECT MANAGEMENT FEE

Due to the strategic importance of the project, the successful applicant will be required to establish an appropriate project management function to oversee implementation, monitoring and reporting. In line with the merSETA Discretionary Grant Funding Policy, a project management fee of up to 7.5% of the approved project budget may be allocated.

11. CONTENT OF SUBMISSIONS

A proposal detailing the project implementation plan over the three years accompanied by the following:

- 11.1. Workstream 1: Infrastructure Improvement - QCTO letter of Accreditation as SDP (for mer-sector related qualifications which funding is applied for)
- 11.2. Workstream 2: Lecturer Development and support - lecturer development needs analysis report and development plan.
- 11.3. Workstream 3: SMME Participation and Capacitation – MoU with SMME to participate in TVET learner placement for mer-sector related qualifications aligned with TVET college's accreditation and offering, SMME company profile
- 11.4. Workstream 4: Learner recruitment, Induction and training plan
- 11.5. Total comprehensive budget for all workstreams inclusive of rural allowances, learner transport and accommodation where applicable.
- 11.6. Itemized Admin budget allocation up to 7.5% of the total budget.
- 11.7. Any other additional requirements per the DG Advert.

12. CLOSING DATE

The closing date for the submission of applications for consideration under this project is 30 June 2026. Late submissions will not be considered.

13. PROPOSAL VERIFICATION AND EVALUATION

The merSETA will verify and evaluate all proposals based on their relevance, quality, feasibility, alignment with the project objectives and compliance with the submission requirements.

Proposals will be assessed using a rating scale of 1 to 5 against the prescribed evaluation criteria, where:

13.1 College Readiness and Capacity

1. Existing management governance and oversight structures to manage grant-funding projects.
2. Demonstrated ability to manage and account for financial resources.
3. Availability of suitably qualified staff and operational readiness to commence project implementation.
4. Proven experience in implementation and managing similar skills development projects.
5. Evidence of previous skills development initiatives, including projects benefiting rural communities and learners.

13.2 Infrastructure Needs and impact

1. A gap analysis report identifying existing training infrastructure, capacity constraints and deficiencies affecting the delivery of targeted occupational programmes.
2. Alignment of the proposed infrastructure request with the merSETA sector skills priorities areas and occupational qualifications.
3. Evidence that the proposed infrastructure supports curriculum delivery and practical training requirements.
4. A sustainability and maintenance plans for long-term utilization of the infrastructure investment.
5. The projected number of learners who will benefit from the upgraded infrastructure and improved training facilities.

13.3 Lecturer Development Plan

1. A lecturer needs analysis report identifying lecturers requiring upskilling and or/reskilling to deliver the merSETA-related occupational qualifications, including the nature of the development support required.
2. A detailed implementation plan for lecturer development and capacity-building interventions.
3. Current lecturer pedagogical competence levels and identified development areas.
4. Planned continuous professional development (CPD) interventions and industry exposure opportunities.
5. Lecturer involvement and capability in curriculum development, assessment design and occupational programme delivery.

13.4 Learner Training and development

1. Evidence of established learner support mechanisms, including academic, mentorship and learner welfare support.
2. Valid programme accreditation from the QCTO for the occupational qualification for which funding is being requested

3. Evidence of established learner support mechanisms, including academic, mentorship and learner welfare support.
4. Signed Memoranda of Understanding (MoUs) or agreements with industry partners and workplaces to provide work-based learning opportunities aligned to the qualification.
5. Established learner performance monitoring and tracking mechanisms to support learner progression, completion and programme success.

13.5 SMME Partnership and Local Economic Impact

1. A gap analysis report identifying constraints and capacity gaps that may hinder the SMME's ability to host learners for work-based learning programmes.
2. Availability of suitably qualified mentors, supervisors or subject matter experts to support learner development in the workplace.
3. A detailed workplace-based learning plan demonstrating how learners will be integrated into the SMME's operations and skills development activities.
4. The anticipated contribution of the partnership to local economic development, employment creation and enterprise growth.
5. A signed Memorandum of Understanding (MoU) between the SMME and the TVET college outlining roles, responsibilities and learner placement arrangements.

14. DISQUALIFYING CRITERIA

Proposals will not be considered for evaluation if they meet any of the following conditions:

- The proposal is submitted after the prescribed closing date.
- The proposal is submitted by an institution that is not a rural TVET colleges or a TVET college with a rural campus.
- The proposal is submitted by a non-TVET college applicant, including entities that have entered into Memoranda of Understanding (MoUs) or Memoranda of Agreement (MoAs) with TVET colleges.

15. NOTES TO APPLICANTS

This section outlines the minimum requirements that applicants must comply with. Failure to accept or comply with these requirements may result in the proposal being excluded from the evaluation and selection process.

- The merSETA will not be liable for any costs incurred by applicants during the preparation, submission or evaluation of proposals.
- Applicants must disclose any current or prospective work, partnerships or commitments that may give rise to an actual or perceived conflict of interest and indicate how such conflicts will be managed or mitigated. The submission of a proposal does not guarantee approval or funding by the merSETA.

➤ The merSETA reserves the right to verify any information submitted by applicants and to request additional information where necessary.

➤ **16. GENERAL**

Applicants should respond to the merSETA Discretionary Grant window advert and apply as per the requirements of the National Skills Development Management System (NSDMS) system.

17. CONCLUSION

The merSETA reserves the right not to appoint any applicant in response to this call for proposals. Furthermore, the merSETA further reserves the right to allocate funding to more than one successful applicant, divide the scope of work among multiple applicants, or award specific components of the project to different applicants, where deemed necessary and in the best interests of the organisation.

